



# Congress of the United States

House of Representatives

Washington, DC 20515

January 31, 2007

Secretary Carlos M. Gutierrez  
Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Dear Secretary Gutierrez:

North Carolina still has over 100 domestic sock manufacturers operating in the state. As Members of Congress from North Carolina, we urge the Administration to fulfill its promises to safeguard the interests of the domestic sock industry as the implementation of CAFTA unfolds.

As part of the discussions surrounding CAFTA, the Administration promised domestic sock makers to self-initiate a sock safeguard on any CAFTA country if conditions were to warrant it, and to "conduct any sock safeguard investigation as expeditiously as possible." Secondly, the Administration stated it was willing to seek a modification to CAFTA that would require a 10-year phase out of tariffs on CAFTA for qualifying sock imports from Central America. While other CAFTA textile promises have been honored, these sock promises remain unfulfilled.

At least 1,079 sock mill jobs in North Carolina have been lost in the 10 months since CAFTA went into effect on April 1, 2006. In addition, 1,190 sock mill jobs were lost in Alabama, 200 in Kentucky, 240 in Virginia, and 168 in Tennessee in 2006. (2006 Sock Mill Closings and Layoffs list attached)

We are most concerned about the increase in sock imports from Honduras which, as you know, were up 66% in the first six months since CAFTA went into effect on April 1, 2006. The Census Bureau reports domestic sock production down 16 percent in the 3<sup>rd</sup> Quarter of 2006 compared to the 2nd Quarter. As conditions in the domestic sock industry continue to worsen, we want to work with your offices to address our concerns and those of our constituents to ensure that the sock industry remains a viable manufacturing sector within our state.

It does not appear that Honduras and others will easily agree to the 10-year sock tariff carve-out from CAFTA in the absence of meaningful action by the U.S. government

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to protect the domestic sock industry from market disruption. So we urge you to take expeditious action in initiating a CAFTA sock safeguard investigation on Honduran sock imports and report your findings and plan of action to us as soon as possible.

Finally, we also ask you to redouble efforts to fulfill the promise of a 10-year sock carve-out, making clear to all the CAFTA countries that the sock promises made to secure passage of CAFTA, whose benefits they are now enjoying, must be fulfilled.

Thank you for your consideration, and we look forward to working with you on this very important issue.

Sincerely,

Howard Coble

Robin Hayes

Lee Myrick

Patrick ...

Virginia Fox